



County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

FAIRFAX COUNTY, VIRGINIA MEMORANDUM

TO: Edward L. Long, Jr.
County Executive

THRU: Patricia Harrison *PH*
Deputy County Executive

FROM: Kurt Creager, Director *KC*
Department of Housing and Community Development

DATE: January 12, 2015

SUBJECT: Approval of Workforce Housing (WDU) Condominium Pricing

REFERENCE: Workforce Dwelling Unit (WDU) High-Rise Condominium Pricing

This memorandum requests your approval of the initial WDU pricing for high-rise condominium construction (Attachment 1). The Board of Supervisors WDU Administrative Policy Guidelines adopted October 15, 2007 and the Tysons Corner Urban Center WDU Administrative Policy Guidelines, adopted by the Board on June 22, 2010 specify that countywide pricing of for-sale WDUs be initially established and approved by the County Executive. The WDU Policy establishes that the sales prices be structured in a manner to be affordable to households whose incomes do not exceed 120 percent of the area median income (AMI), subject to the income tiers specified in the individual policies. The sales prices for high-rise condominium WDUs have been set to be affordable to households at income tiers of up to 60%, 70%, 80%, 100% and 120% of AMI as shown in Attachment 1.

The Department of Housing and Community Development (HCD) worked with the development community, the public and other agencies to develop and vet the attached pricing. A public comment period initially ran from July 7, 2014 to August 28, 2014, and was extended to October 17, 2014. Seven letters were submitted during the initial comment period and are included in Attachment 3. Generally, the letters requested additional time to work with county staff to expand the pricing and to make adjustments reflective of current market and banking conditions. As a result of those changes to pricing, no additional comments were received.

At this time HCD is requesting your review and approval of the initial WDU pricing for for-sale high-rise condominium construction in accordance with the BOS WDU Policy.

Accepted: *Edward L. Long, Jr.*
Edward L. Long, Jr. County Executive

Date: *1/16/2015*

Attachment 1: Workforce Dwelling Unit Pricing for High Rise Condominium Buildings
(Oct. 2014): Affordability at 60%, 70%, 80%, 100% and 120% of AMI Adjusted for Family Size
Attachment 2: Letter dated July 7, 2014 – Notice of Opportunity to Comment
Attachment 3: Comment letters in response to Notice of Opportunity to Comment
KC/cmfs

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**WORKFORCE DWELLING UNIT PRICING FOR HIGH RISE CONDOMINIUM
BUILDINGS (Oct. 2014): AFFORDABILITY AT 60%, 70%, 80%,
100% and 120% of AMI ADJUSTED FOR FAMILY SIZE
(Area Median Income: \$107,000 for a family of 4)**

Household Income as % of AMI	Maximum income	Maximum Sales Price (Assumes 4.5% interest, monthly condo fees, 5% down payment)
Efficiency (1 person household)		
60.00%	\$44,940	\$135,200
70.00%	\$52,430	\$163,450
80.00%	\$59,920	\$191,700
100.00%	\$74,900	\$247,950
120.00%	\$89,880	\$304,200
1 bedroom (2 person household)		
60.00%	\$51,350	\$148,150
70.00%	\$59,900	\$180,300
80.00%	\$68,500	\$212,400
100.00%	\$85,600	\$276,850
120.00%	\$102,700	\$341,300
1 bedroom w/Den (3 person household)		
60.00%	\$57,780	166,300
70.00%	\$67,410	202,500
80.00%	\$77,040	238,750
100.00%	\$96,300	311,150
120.00%	\$115,560	383,600
2 bedroom (4 person household)		
60.00%	\$64,200	\$185,050
70.00%	\$74,900	\$225,350
80.00%	\$85,600	\$265,450
100.00%	\$107,000	\$346,050
120.00%	\$128,400	\$426,700
2 bedroom w/Den (5 person household)		
60.00%	\$69,336	\$198,400
70.00%	\$80,892	\$241,900
80.00%	\$92,448	\$285,400
100.00%	\$115,560	\$372,400
120.00%	\$138,672	\$459,400
3-bedroom (6 person household)		
60.00%	\$74,500	\$212,350
70.00%	\$86,900	\$259,250
80.00%	\$99,300	\$305,750
100.00%	\$124,100	\$399,100
120.00%	\$148,950	\$492,700

Notes:

- Prices will be reviewed on a semi-annual basis taking into account interest rates, condominium fees, PMI, tax rates and Area Median Income as published by HUD. Any adjustments will be sent to the County Executive for approval.
- Sales prices are based on efficiency - 1 person household; 1-bedroom - 2 person household; 1 bedroom with den - 3 person household; 2 bedroom - 4 person household; a 2 bedroom with den - 5 person household and a 3 bedroom - 6 person household
- One parking space per unit is assumed to be included in the sales price.
- Condominium fee used for the calculation is \$.50/sq. ft. and is based on the WDU policy of 450 square feet for an efficiency, 600 square feet for a 1-bedroom, 750 square feet for a 2-bedroom and 900 square feet for a 3-bedroom, resulting in fees of \$300/month for 1 bedroom, \$375 for 2-bedroom and \$450 for a 3-bedroom. The condominium fee for units with dens is assumed to be at a midpoint between unit sizes.
- The calculator used to create this table assumes the 2014 tax rate of \$1.17/100; mortgage insurance at \$780/100,000; a 30-year fixed rate loan with 30% monthly PITI, 4.5% interest and 5% down payment. Numbers have been rounded.
- Table represents approved Board of Supervisors Workforce Housing affordability limits subject to location and site specific proffers.
- Prices will be rounded.

Definitions

Monthly income: Total monthly income from all sources. All income should be entered before taxes.

Monthly housing expenses: Your monthly housing expenses from the housing expenses worksheet. The items entered as housing expenses make up the taxes and insurance portion of your monthly PITI payment.

Monthly liabilities: Your monthly liabilities from the liabilities worksheet. Your monthly liabilities are used to calculate your maximum PITI.

Monthly housing payment (PITI): This is your total principal, interest, taxes and insurance (PITI) payment per month. This includes your principal, interest, real estate taxes, hazard insurance, association dues or fees and principal mortgage insurance (PMI). Maximum monthly payment (PITI) is calculated by taking the lower of these two calculations:

1. Monthly Income X 30% = monthly PITI
2. Monthly Income X 36% - Other loan payments = monthly PITI. For purposes of this calculation no additional debt is assumed

Maximum principal and interest (PI): This is your maximum monthly principal and interest payment. It is calculated by subtracting your monthly taxes and insurance from your monthly PITI payment. This calculator uses your maximum PI payment to determine the mortgage amount that you could qualify for.

Start interest rates at: The current interest rate you could receive on your mortgage. Assumption for initial calculation is 4.5% fixed.

Term in years: The number of years over which you will repay this loan: 30 years.

Assumptions made to determine sales price:

Interest Rate: Fixed Rate for a non-Jumbo, conforming Loan. For the purposes of the initial pricing 4.5% interest rate was assumed and will be adjusted as rates increase and an actual project comes online. For future updates various sources will be reviewed for published interest rates such as the Wall Street Journal along with <http://www.bankrate.com/finance/mortgages/mortgage-analysis.aspx> and any other appropriate sources as needed to determine an average interest rate.

For purposes of establishing a sales price, a 5% down payment is assumed.

Mortgage Insurance: (<http://www.bartaustin.com/lasvegas/pmi-calculation.html>); 5% down, 30 year fixed. Rate is \$780/100,000.

2014 Tax Rate: (http://www.fairfaxcounty.gov/dta/realestatetax_taxrates.htm) Base is (1.09) + Tysons Service District (.04) + Stormwater Service District (.0225) + Pest Infestation (.001) = 1.17/100. Same rate is applicable to Reston.

Condo Fees: \$0.50/sq. ft. (\$300 for an efficiency and/or one-bedroom – unit size assumption 600 sq. ft. based on WDU policy, \$375 for a two-bedroom (750 sq. ft.) and \$450 for a three-bedroom (900 sq. ft.). The condominium fee for units with dens is assumed to be the midpoint between units sizes.